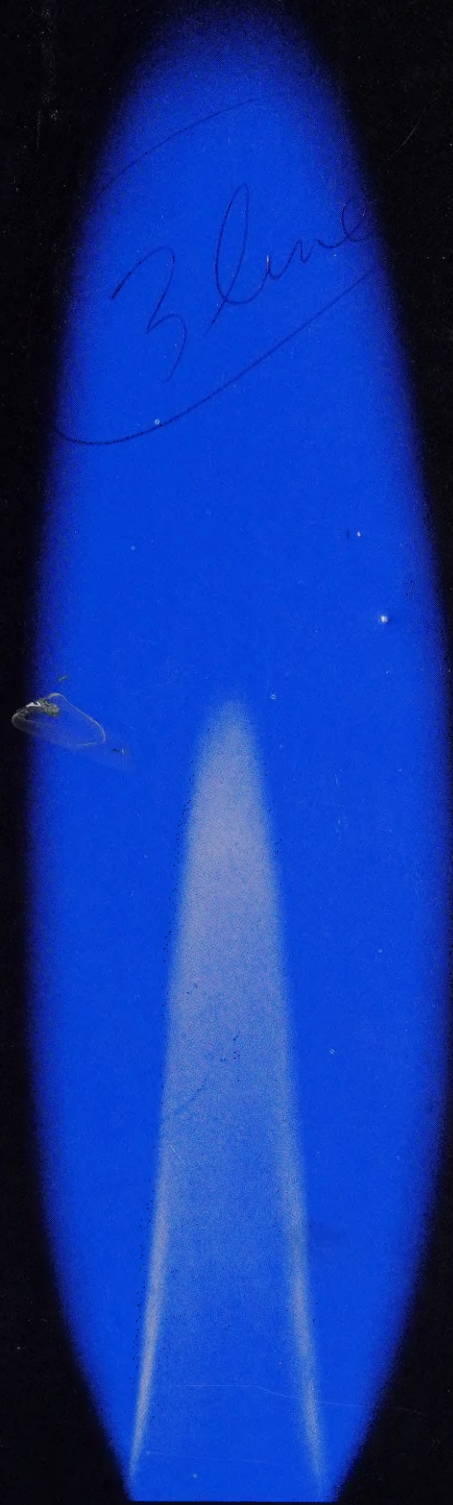


· ARDROSSAN · BASHAW
BENTLEY · BITTERN LAKE · BLACK-
FALDS · BON ACCORD · BRETON
BRUCE · BRUDERHEIM · BUCK CREEK

NORTHWESTERN UTILITIES, LIMITED

NATURAL GAS SERVICE

CADOGAN · CAMROSE · CAROLINE
CHIPMAN · CLIVE · CLOVER BAR
CONSORT · DRAYTON VALLEY
ECKVILLE · EDMONTON · EDSON
ENTWISTLE · EVANSBURG · FORT
SASKATCHEWAN · GAINFORD
GIBBONS · GLENWOOD · GUNN
GWYNNE · HILLIARD · HINTON
HOBBEMA · HOLDEN · INNISFREE
IRMA · ISLAY · JOSEPHBURG
KINSELLA · LACOMBE · LAMONT
LAVOY · LEGAL · MANNVILLE
MILLET · MINBURN · MIRROR
MONITOR · MORNINGSIDE · MUL-
HURST · MUNDARE · NITON JUNC-
TION · ONOWAY · OYEN · PEERS
PONOKA · PROVOST · RANFURLY
RED DEER · RIMBEY · ROCKY MOUN-
TAIN HOUSE · ROUNDHILL · RYLEY
ST. ALBERT · SEBA BEACH
SHERWOOD PARK · SPRUCE GROVE
STONY PLAIN · SUNNYBROOK
SYLVAN LAKE · THORSBY · TOFIELD
VEGREVILLE · VERMILION · VIKING
WABAMUN · WARBURG · WETAS-
KIWIN · WHITECOURT · WILDWOOD



**41ST ANNUAL
REPORT** 
NINETEEN SIXTY-FOUR



41st ANNUAL REPORT for the year ended December 31st,
1964

MAY 25 1965

NORTHWESTERN UTILITIES, LIMITED

Registered Office: 10040 - 104 Street, Edmonton, Alberta, Canada

BOARD OF DIRECTORS

H. R. Milner, Q.C., Honorary Chairman

Howard Butcher III	J. C. Dale	G. Gaetz
F. T. Jenner	K. L. MacFadyen	J. L. McIntyre
O. C. McIntyre	R. C. McPherson	R. M. Parsons, M.D.
A. G. Stewart	M. E. Stewart	J. B. Whelihan
B. F. Willson		D. K. Yorath

OFFICERS

D. K. Yorath	Chairman of the Company
B. F. Willson	President
K. L. MacFadyen	Vice-President and Comptroller
M. E. Stewart	Vice-President and General Manager
J. E. Maybin	Vice-President—Engineering and Gas Supply
C. L. Metcalfe	Secretary
J. B. Whelihan	Treasurer
J. E. Roberts	Assistant Secretary
B. T. Banks	Assistant Treasurer

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company

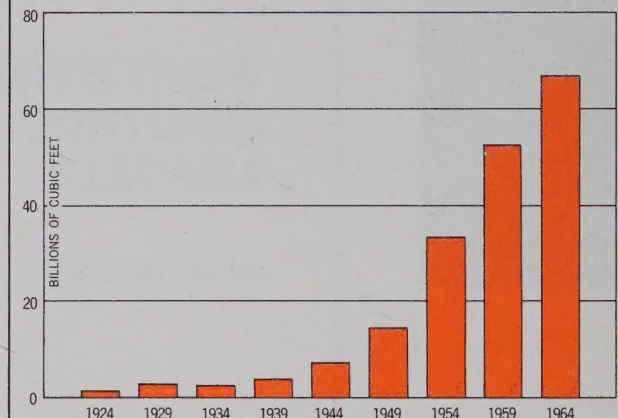
Edmonton, Alberta	Calgary, Alberta
Toronto 1, Ontario	Montreal 1, Quebec

AUDITORS

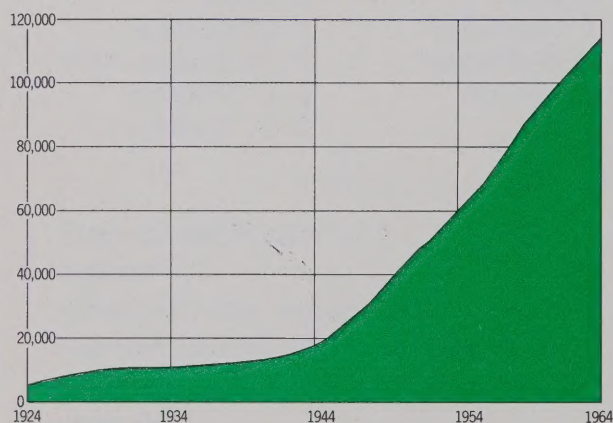
Peat, Marwick, Mitchell & Co.
1002 Empire Building, Edmonton, Alberta

Our Record of Growth

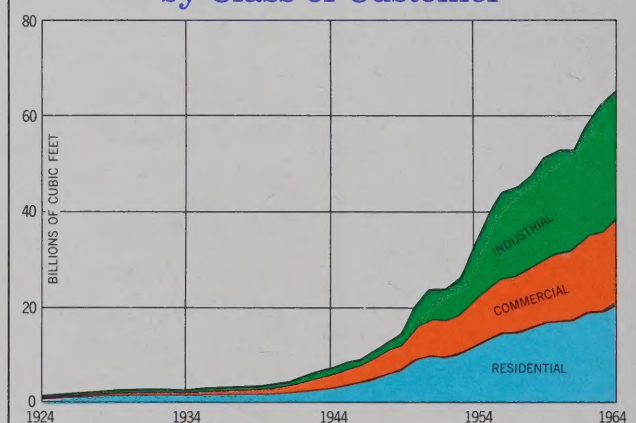
Annual Gas Sales



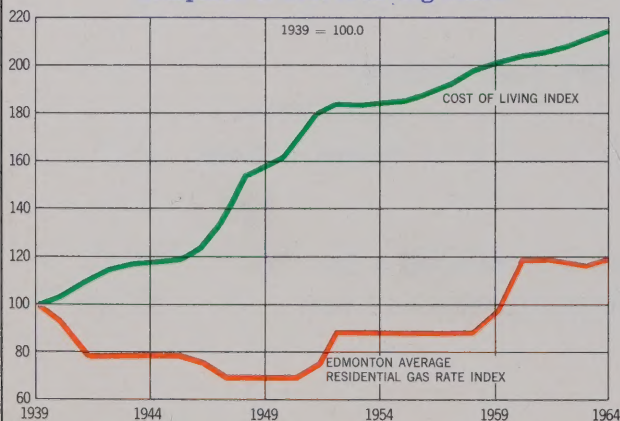
Customer Growth



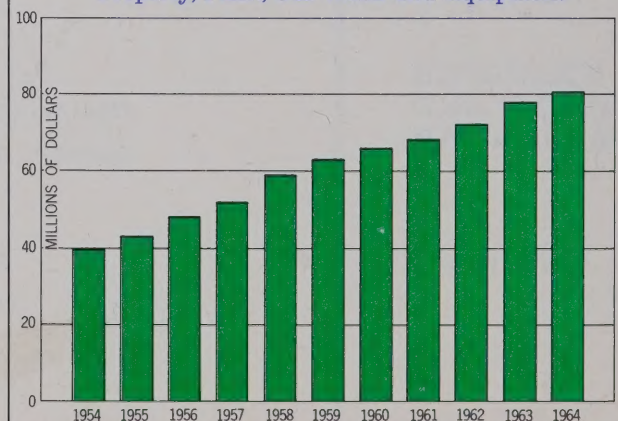
Annual Gas Sales by Class of Customer



Average Residential Gas Rate Compared to Cost of Living Index



Fixed Assets Property, Plant, Gas Wells and Equipment





NORTHWESTERN UTILITIES, LIMITED

Highlights in Review

	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>1960</u>	<u>1954</u>
Customers at Year End -----	113,644	108,825	104,195	98,716	93,679	60,354
Natural Gas Sales ----- (thousands of cubic feet) (1) (4)	66,787,045	63,661,026	59,890,027	53,988,167	54,192,715	33,156,108
Revenue from Sale of Gas -----	\$22,353,888	\$20,745,466	\$19,974,648	\$18,368,356	\$18,186,910	\$ 8,421,377
Net Income -----	\$ 3,256,307	\$ 3,008,785	\$ 3,073,272	\$ 2,925,233	\$ 2,899,129	\$ 1,758,992
Annual Gross Additions to Plant ----- (2)	\$ 3,154,843	\$ 5,782,073	\$ 4,301,307	\$ 2,577,809	\$ 3,235,738	\$ 3,666,974
Miles of Pipeline -----	2,795	2,731	2,548	2,478	2,384	1,520
Maximum Daily Demand ----- (thousands of cubic feet)	426,741	348,889	318,899	311,248	266,952	191,161
Communities Served -- (3)	80	78	78	74	71	27
Population Served -----	470,000	451,000	424,000	406,000	390,000	253,000

(1) As term billing was instituted in 1959, natural gas sales have been adjusted to a 1000 BTU equivalent basis for the years 1960 through 1964.

(2) Ten year total of gross additions to Plant \$43,809,821.

(3) Figures prior to 1964 have been adjusted by deleting suburban communities now annexed to other communities. Statistics are now comparable in all years.

(4) 1964 total includes, and 1963 total revised to include, gas sales to other producing companies.



NORTHWESTERN UTILITIES, LIMITED

41st Annual Report of the Directors

To The Shareholders

For Northwestern Utilities, Limited the year 1964 witnessed new highs established in the areas of gas sales, peak demand, customers served, operating revenues, net income and earnings per share. Our operations produced per share earnings of \$1.67, an increase of 15 cents over the 1963 figure of \$1.52.

After a number of warmer than normal years, the weather in 1964 was closer to the long-term average temperature with the result that gas sales improved to 66.8 billion cubic feet, up nearly 5% from 1963. Aiding in this increase was the fact that 4,800 new customers were added during the year in the 80 communities served by the company. By year-end more than 113,000 customers were benefiting from our low cost gas service.

Revenue from gas sales totalled \$22,166,000, an increase of \$1,592,000 over the previous year. Gas transportation revenues of \$188,000 brought total operating revenues to \$22,354,000.

Although the cost of gas supplies, operating and maintenance expenses, depreciation and taxes were significantly higher than the previous year, we were able to achieve an increase in net income of \$248,000 to \$3,256,000. This is 8% higher than 1963's net income of \$3,008,000.

On December 15th bitterly cold weather, coupled with increased demands from power generating stations, created a new system peak load of 427 million cubic feet, 22% higher than the previous record set in November, 1963. The company's production and transmission system performed well during the extreme weather although some sources of purchased gas supply did not quite come up to anticipated deliveries.



Recoverable reserves in fields connected to our transmission pipeline system were estimated to be about 2,960 billion cubic feet as at December 31, 1964, although not all of these reserves are under contract to Northwestern. We consider our gas supply position to be a strong one which will enable us to meet the challenges and opportunities of the future.

No change in our gas rate schedules took place in 1964 and these rates remain virtually the lowest on the North American continent. The new lower industrial rate referred to in last year's report remained in effect and appears to be serving the purpose for which it was designed. There are difficulties involved in a regulated public utility competing with unregulated industrial suppliers but our recent efforts appear successful.

In last year's report we referred to the hiring by the City of Edmonton of a group of consultants to study the feasibility of the City exercising its right which recurs at five year intervals to take over and purchase some of our assets. During 1964 at the request of the consultants we prepared and supplied them with a large amount of information pertaining to our plant and operations. At the time this report is written the consultants' findings and recommendations have not become available although they are expected by late March of 1965.

The year just concluded has been a most successful one from every standpoint. This has been due in large measure to the efficient and dedicated performance of the employees of the company. For this the directors take great pleasure in expressing their appreciation.

By Order of the Board of Directors,

B. F. Willson

March 10, 1965.

B. F. Willson, President.



NORTHWESTERN UTILITIES, LIMITED

The Year in Review

Gas Sales

Total gas sales of 66.8 billion cubic feet showed an increase during 1964 of approximately 3.1 billion cubic feet. Residential and commercial gas sales volume increased by 7.5% over 1963. No major industrial customers were added during the year and sales in this category were substantially the same as in the previous year.

The increase in total gas sales reflects the addition of approximately 4,800 new customers, and the somewhat colder temperatures of 1964 compared with 1963.

Since practically all residential and commercial customers use gas for space heating, these sales are significantly affected by deviations in temperatures. Although warmer by 1.2 degrees than the long term average, 1964 was 1.4 degrees colder than 1963. If 1964 temperatures had been normal, it is estimated that gas sales would have been approximately 1.2 billion cubic feet higher, or a total of 68 billion cubic feet.

The company continues its program of active promotion of the sale of natural gas to all classes of customers in its service territory, and assists commercial and industrial development wherever possible.

Gas Supply

As of December 31, 1964, the recoverable reserves in the fields connected to Northwestern Utilities' system were estimated to be 2,960 billion cubic feet. Although no new fields were connected to the system during the year Northwestern's acreage holdings in the Beaverhill Lake field were increased by 7,840 acres and plans were made for constructing the first major section of the gathering system in that field.



As in the previous year, approximately one-third of the total 1964 requirements of the system was produced from the company's own properties. The gas processing plants located in the major oil fields in the Edmonton area supplied most of the balance. The Pembina area still supplies the greatest portion of the gas derived from oil fields. About 17 percent of the total system requirements came from there. The year 1964 was the first full year of operation of the pipeline to the processing plant at Judy Creek and deliveries from the Judy Creek-Swan Hills area amounted to 13 percent of the company's total requirements.

In 1964 the actual deliveries from oilfield sources fell short of producers' estimates by 8 billion cubic feet. These deficiencies were met by greater withdrawals from company-owned properties.

There was some increase, compared with 1963, in the proportion of the system requirements which were obtained through the contractual arrangements with Trans-Canada Pipe Lines Limited and Alberta and Southern Gas Co. Ltd. However, gas derived from this source still amounted to only one percent of the total. Although very substantial volumes could be obtained under these contracts, no credit has been given to this fact insofar as the 2,960 billion cubic feet reserve figure is concerned. If the volumes of gas available from oil fields continue to fall short of the previous projections, as they did in 1964, it is likely that an increased percentage of the requirements will be derived from the export contract arrangements in order to conserve the company's own sources of dry gas, which are needed primarily for wintertime delivery purposes.

As of the end of 1964 the company estimates reserves of 494 billion cubic feet remaining in the properties owned by it in the Fairydell-Bon Accord, Fort Saskatchewan, Beaverhill Lake and Viking-Kinsella dry gas fields. Some of these reserves are in an area where the company must take steps to protect itself against competitive drainage. The company has been and will continue to pursue arrangements in those areas to give it the greatest amount of flexibility to produce these reserves in a manner most beneficial for consumers served from our system.

The highest demand on the system during 1964 occurred December 15, at which time a total of 427 million cubic feet was delivered. On this day below zero temperatures combined with high winds to give unusually severe weather. The temperature averaged 27 degrees below zero and was accompanied by strong winds at an average velocity of 24 miles an hour. At the same time extra deliveries were being made to the power plant in the City of Edmonton, which at the time was generating extra electricity to help avoid a threatened power shortage elsewhere in the province. The result



was that the maximum demand actually exceeded the previously estimated peak load for the current winter. On that particular day the dry gas wells operated by the company in its own Viking-Kinsella, Fort Saskatchewan and Fairydell-Bon Accord fields provided 64 percent of the supply.

The next increase in capacity for the system will be obtained by the connection of company-owned wells in the Beaverhill Lake area. Those which will be connected this year will provide an increase of about 70 million cubic feet per day.

Applications for further export of gas from the Province of Alberta were heard by the Oil and Gas Conservation Board during 1964. The company presented its views concerning the amount of gas which would be needed to supply the 30-year requirements of the residents of Alberta and expressed the opinion that there would not be adequate protection for these needs if the applications were granted at that particular time. The board, however, after hearing the evidence presented to it at public hearings and after revising its estimates of reserves in the province in the light of the most recent discoveries, concluded that there was sufficient protection and recommended further export from the province. The procedure which was followed in this case is an example of one safeguard which exists for Alberta consumers of natural gas. A provincial statute, the Gas Resources Preservation Act, requires that local needs be considered at each time that further export is being requested.

Plant Expansion

Expenditures during the year on new plant amounted to approximately \$3,155,000. This included almost \$1,100,000 for additional natural gas rights, wells and other production facilities.

The balance was expended mainly on facilities to extend service to new customers on the existing system. It included, however, the addition of the new communities of Whitecourt and Wabamun in continuation of company policy of serving all communities within economic reach of the pipeline system.

Capital expenditures for 1965 are estimated at \$4,700,000. This includes approximately \$2,000,000 for various items associated with development of the company's owned sources of gas.

One of the largest single projects for the current year has already been completed. It is a 16-inch pipeline, 7.2 miles in length, which connects with facilities of Alberta Gas Trunk Line Company Limited and increases the capacity of Northwestern's pipeline system in the Pembina area.

ALTA · ARTHUR · BASHAW
BENTLEY · BITTERN LAKE · BLACK-
FALDS · BON ACCORD · BRETON
BRUCE · BRUDERHEIM · BUCK CREEK
CADOGAN · CAMROSE · CAROLINE
CHIPMAN · CLIVE · CLOVER BAR
CONSORT · DRAYTON VALLEY
ECKVILLE · EDMONTON · EDSON
ENTWISTLE · EVANSBURG · FORT
SASKATCHEWAN · GAINFORD
GIBBONS · GLENWOOD · GUNN
GWYNNE · HILLIARD · HINTON
HOBBEMA · HOLDEN · INNISFREE
IRMA · ISLAY · JOSEPHBURG
KINSELLA · LACOMBE · LAMONT
LAVOY · LEGAL · MANNVILLE
MILLET · MINBURN · MIRROR
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HURST · MUNDARE · NITON JUNC-
TION · ONOWAY · OYEN · PEERS
PONOKA · PROVOST · RANFURLY
RED DEER · RIMBEY · ROCKY MOUN-
TAIN HOUSE · ROUNDHILL · RYLEY
ST. ALBERT · · · SEBA BEACH
SHERWOOD PARK · SPRUCE GROVE
STONY PLAIN · SUNNYBROOK
SYLVAN LAKE · THORSBY · TOFIELD
VEGREVILLE · VERMILION · VIKING
WAPAMUN · WARBURG · WETAS-
K (W) · WHITECOURT · WILDWOOD

COMMUNITIES WE SERVE

A photographic report on the communities served by Northwestern Utilities, Limited, together with pipelines and other company facilities.

Active, Thriving Communities



In these few pages we have selected a cross section of the 80 communities served by Northwestern Utilities from a series of photographs especially taken for this report.

All of them enjoy the benefits of the large service network of Northwestern Utilities. The company's goal is to be an efficient gas utility . . . buying or producing natural gas for the needs of more than 113,000 customers, maintaining an uninterrupted flow through 2800 miles of pipelines and operating a complex network of regulation, quality control and dispatching stations . . . so that each consumer no matter where he is located may enjoy an uninterrupted supply, the highest standards of operating and customer service, at the most economical price. Rates, as a matter of fact, are virtually the lowest on the North American continent.

Here then, in picture form, are the communities, the fields, the pipelines . . . and the company that has strived for more than 40 years to provide the best possible service.

On most of the pages you will find a section of the map of the company's pipeline system, showing the location of the communities served.



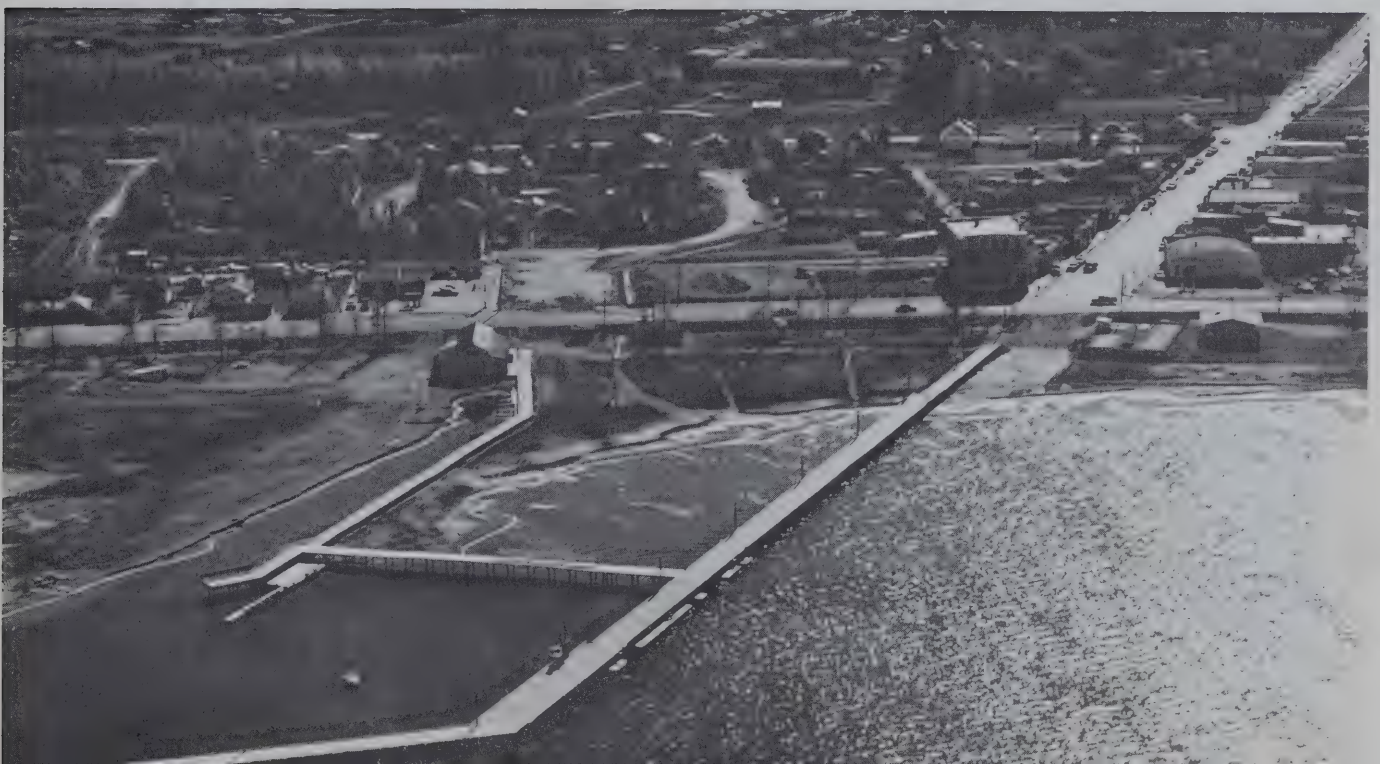
ROCKY MOUNTAIN HOUSE



LACOMBE



SYLVAN LAKE





WETASKIWIN



CAMROSE

PHOTO COURTESY THE CAMROSE CAN



PONOKA





FORT SASKATCHEWAN



VEGREVILLE

TOFIELD SCHOOL





HINTON



EDSON



DRAYTON VALLEY





RED DEER



Some of the new high-rise apartments.

EDMONTON

Government Buildings.





Looking east down Jasper Avenue,

In foreground is campus of University of Alberta.





Testing FORT SASKATCHEWAN well.



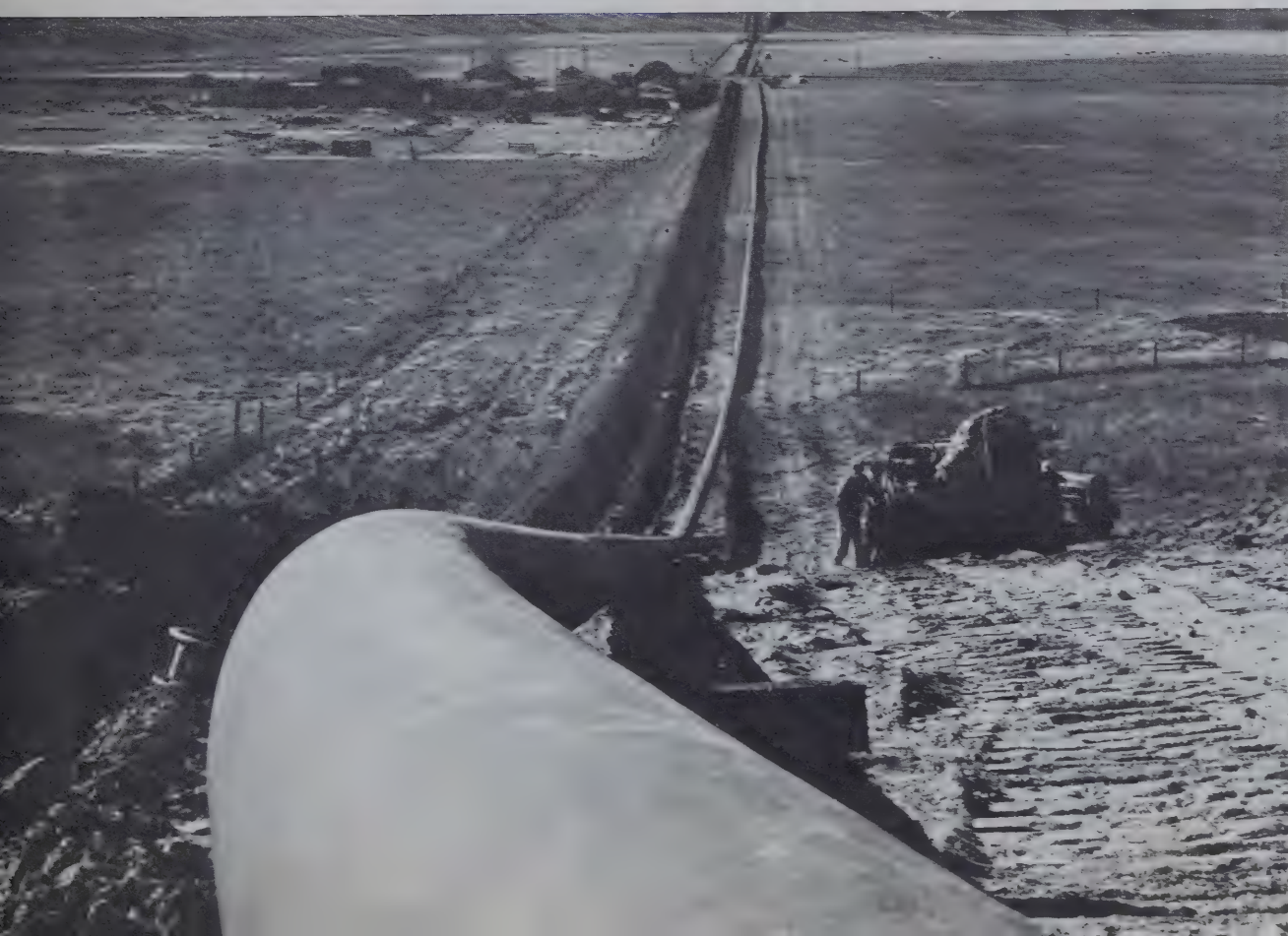
Wildcat drilling in foothills by exploration company.



Plant at JUDY CREEK,
Swan Hills area.

PHOTO COURTESY IMPERIAL OIL LIMITED

Pipelines





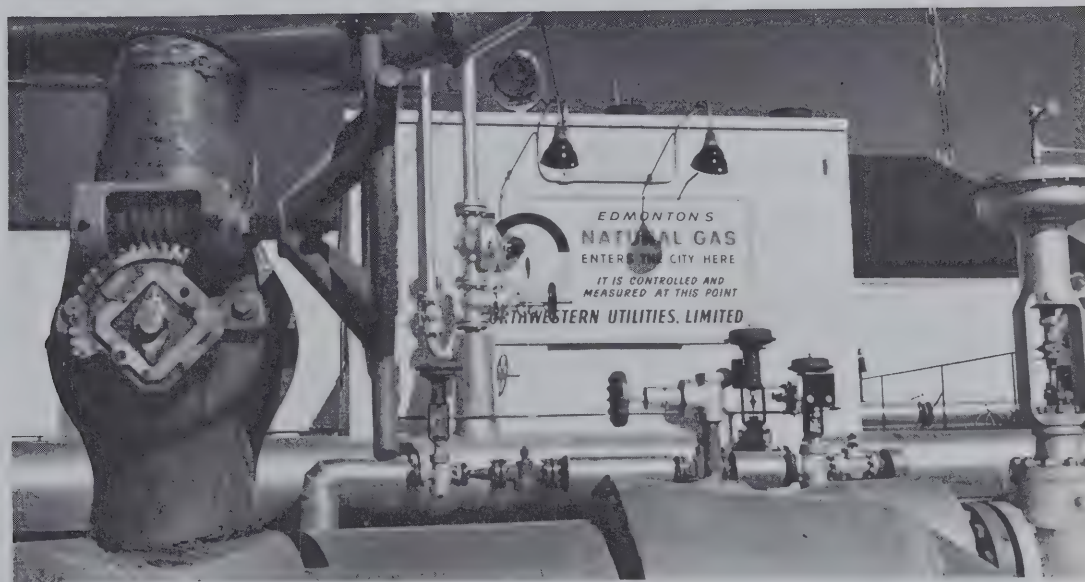
EDMONTON Service Centre.

Company Facilities



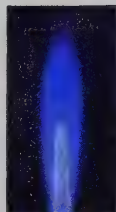


TOFIELD



Principal Control Station, Edmonton.





NORTHWESTERN UTILITIES, LIMITED

Balance Sheet

(with comparative figures)

ASSETS

	<u>1964</u>	<u>1963</u>
Fixed assets:		
Property, plant, leases, rights, gas wells and equipment subject to amortization and depreciation, at cost	\$80,689,599	\$77,828,387
Less accumulated amortization and depreciation	21,608,183	19,576,496
	59,081,416	58,251,891
Leases, wells and property rights, at cost, less amount written off \$290,000	258,620	268,620
	59,340,036	58,520,511
Investments not having market quotations, at cost	991,416	991,416
Current assets:		
Cash	282,010	288,164
Short-term investments, at cost	3,700,000	3,300,000
Marketable securities, at cost (quoted value \$1,019,345; 1963—\$1,280,984)	718,511	1,092,530
Accounts receivable	2,986,431	2,535,685
Due from parent and affiliated companies	21,037	7,070
Materials and supplies at or below average cost	645,279	759,985
Prepaid expenses	27,153	47,531
Total current assets	8,380,421	8,030,965
Unamortized debt discount and expense (including discount and expenses of prior issue retired)	557,465	589,229
Other deferred charges	116,559	109,005
	\$69,385,897	\$68,241,126

Approved on behalf of the Board:

B. F. WILLSON, Director

K. L. MacFADYEN, Director

The accompanying notes are an integral part of the financial statements.

December 31, 1964

figures for 1963)

LIABILITIES

Capital stock and surplus:

	<u>1964</u>	<u>1963</u>
4% Cumulative preference shares (redeemable at the option of the company on thirty days' notice at \$103 per share):		
Authorized — 120,000 shares of a par value of \$100 each	\$12,000,000	
Issued — 105,000 shares of a par value of \$100 each	<u>\$10,500,000</u>	<u>\$10,500,000</u>
Common shares:		
Authorized — 3,000,000 shares without nominal or par value, issuable for a maximum consideration of \$7,500,000.		
Issued — 1,700,000 shares without nominal or par value	<u>4,250,000</u>	<u>4,250,000</u>
Earned surplus (Note 1)	<u>15,545,545</u>	<u>14,690,553</u>
	<u>19,795,545</u>	<u>18,940,553</u>
Total capital stock and surplus	<u>30,295,545</u>	<u>29,440,553</u>

Funded debt (Note 2)	<u>27,714,000</u>	<u>29,122,250</u>
37/8% Promissory notes payable, due September 1, 1969	<u>891,000</u>	<u>1,065,000</u>
Less payments due within one year	<u>174,000</u>	<u>174,000</u>
	<u>717,000</u>	<u>891,000</u>

Current liabilities:

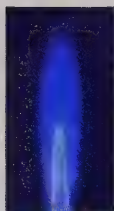
Accounts payable and accrued charges	<u>1,263,795</u>	<u>1,142,002</u>
Interest accrued on funded debt and notes payable	<u>382,474</u>	<u>397,185</u>
Sinking fund payments due within one year	<u>1,223,250</u>	<u>1,156,250</u>
Payments on promissory notes due within one year	<u>174,000</u>	<u>174,000</u>
Due to affiliated company	<u>45,029</u>	<u>35,522</u>
Dividend payable	<u>2,040,000</u>	<u>1,593,750</u>
Income taxes accrued (Note 3)	<u>1,374,671</u>	<u>1,018,356</u>
Other taxes accrued	<u>892,918</u>	<u>815,294</u>
Total current liabilities	<u>7,396,137</u>	<u>6,332,359</u>

Consumers' deposits	<u>799,221</u>	<u>757,287</u>
---------------------	----------------	----------------

Reserves:

Contributions for extensions	<u>483,711</u>	<u>484,303</u>
Future income taxes (Note 4)	<u>1,206,035</u>	<u>865,702</u>
Future natural gas purchases, less income taxes (Note 5)	<u>406,254</u>	<u>—</u>
Miscellaneous	<u>367,994</u>	<u>347,672</u>
	<u>2,463,994</u>	<u>1,697,677</u>
	<u>\$69,385,897</u>	<u>\$68,241,126</u>

statements and should be read in conjunction therewith.



NORTHWESTERN UTILITIES, LIMITED

Statement of Income

YEAR ENDED DECEMBER 31, 1964

(with comparative figures for 1963)

	<u>1964</u>	<u>1963</u>
Operating revenue:		
Natural gas sales	\$22,166,334	\$20,574,176
Less additional revenue for 1959 (as allowed by the Public Utilities Board) presumed to have been collected during the year	—	425,000
	22,166,334	20,149,176
Gas transportation	187,554	171,290
	22,353,888	20,320,466
Operating expenses and taxes:		
Natural gas purchased (Note 5)	6,131,745	4,911,748
Operating	4,622,754	4,382,466
Maintenance	785,768	754,417
Directors' fees	8,250	8,700
Salaries of directors and executive officers	152,909	151,541
Legal fees and disbursements	16,088	18,692
Taxes — income (Notes 3, 4 and 5)	2,740,000	2,694,000
Taxes — other than income	1,405,396	1,292,581
Depreciation exclusive of \$149,541 included in operating and other accounts (1963 — \$146,203)	2,066,144	1,896,321
	17,929,054	16,110,466
Net operating income	4,424,834	4,210,000
Other income:		
Gain on disposition of marketable securities	15,000	—
Interest and dividends	260,051	222,398
Miscellaneous	85,365	64,171
	360,416	286,569
	4,785,250	4,496,569
Income deductions:		
Interest on long-term debt	1,494,108	1,408,524
Interest on demand notes and agreement for sale	—	45,631
Proportion written off debt discount and expense	31,764	29,534
Premium on bonds redeemed	3,071	4,095
	1,528,943	1,487,784
Net income	\$ 3,256,307	\$ 3,008,785

The accompanying notes are an integral part of the financial statements and should be read in conjunction therewith.

Statement of Earned Surplus

YEAR ENDED DECEMBER 31, 1964

Balance at December 31, 1963			\$14,690,553
Add:			
Net income for the year	\$ 3,256,307		
Adjustment of prior years' income taxes	58,685	3,314,992	
			<u>18,005,545</u>
Deduct:			
Dividends:			
4% Cumulative preference shares	420,000		
Common shares	2,040,000	2,460,000	
			<u>\$15,545,545</u>
Balance at December 31, 1964			

The accompanying notes are an integral part of the financial statements and should be read in conjunction therewith.

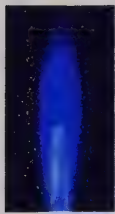
Auditors' Report to the Shareholders

We have examined the balance sheet of Northwestern Utilities, Limited as of December 31, 1964 and the statements of income and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of income and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
February 10, 1965.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants



NORTHWESTERN UTILITIES, LIMITED

Notes to Financial Statements

DECEMBER 31, 1964

(1) The 3 $\frac{7}{8}$ % promissory notes and the trust deed securing the first mortgage bonds impose certain restrictions on the payment of dividends and management fees and upon the redemption or repayment of the company's preference and common shares.

(2) Funded debt:

	1964	1963
First mortgage sinking fund bonds:		
3 $\frac{1}{2}$ % Series B, due December 15, 1971	\$ 4,500,000	\$ 4,500,000
Less redeemed and cancelled	2,617,250	2,412,500
	<u>1,882,750</u>	<u>2,087,500</u>
3 $\frac{1}{2}$ % Series C, due December 15, 1971	2,000,000	2,000,000
Less redeemed and cancelled	1,122,000	1,031,000
	<u>878,000</u>	<u>969,000</u>
3 $\frac{5}{8}$ % Series D, due December 15, 1971	5,000,000	5,000,000
Less redeemed and cancelled	2,605,000	2,377,500
	<u>2,395,000</u>	<u>2,622,500</u>
3 $\frac{5}{8}$ % Series E, due December 15, 1975	5,000,000	5,000,000
Less redeemed and cancelled	1,965,000	1,800,000
	<u>3,035,000</u>	<u>3,200,000</u>
4 $\frac{3}{4}$ % Series F, due January 15, 1979	4,500,000	4,500,000
Less redeemed and cancelled	1,350,000	1,197,000
	<u>3,150,000</u>	<u>3,303,000</u>
5 $\frac{3}{8}$ % Series G, due April 15, 1983	7,000,000	7,000,000
Less redeemed and cancelled	885,000	700,000
	<u>6,115,000</u>	<u>6,300,000</u>
Less purchased for sinking fund	203,500	203,500
	<u>5,911,500</u>	<u>6,096,500</u>
5 $\frac{3}{4}$ % Series H, due March 1, 1988	12,000,000	12,000,000
Less redeemed and cancelled	315,000	—
	<u>11,685,000</u>	<u>12,000,000</u>
Total funded debt, less redeemed and cancelled or purchased for sinking fund	<u>28,937,250</u>	<u>30,278,500</u>
Less cash sinking fund payments due within one year	1,223,250	1,156,250
Funded debt less current maturities	<u>\$27,714,000</u>	<u>\$29,122,250</u>

Notes to Financial Statements

(CONTINUED)

- (3) When computing taxable income for the years 1954 to 1961 inclusive, depreciation has been claimed at maximum rates permitted by the Income Tax Act (being a greater allowance than that provided for in the accounts of the company) which effected a postponement in income taxes to future years of a total amount of \$1,851,000. Commencing in 1962 the company has claimed depreciation for tax purposes only to the extent that depreciation has been provided for in its accounts.
- (4) During 1962 and subsequent years the company acquired certain natural gas rights which, under 1962 amendments to the Income Tax Act, must be claimed against income in the year in which payment therefor has been made. Consequently the company claims such items for tax purposes in the year of payment which effects a postponement in income taxes to future years. These amounts will be used to reduce reported income tax expense in future years when the amortization of the assets acquired is charged against income. In 1964 taxes were postponed in the approximate amount of \$388,279 and amounts were used to reduce reported income tax by approximately \$47,946.
- (5) During the year 1964 supplies of gas to be purchased from other gas producers were unexpectedly reduced resulting in higher than anticipated use of the company's own reserves. In future years it is expected that the situation will be materially different. In anticipation of this, and in the interests of stabilizing consumer rates, the cost of purchased gas has been increased by \$781,258 over actual cost, the provision for income taxes has been decreased by \$375,004 and the future net liability of \$406,254 is reserved for on the balance sheet. The reserve will be utilized by applying it in future years against purchased gas expense.

POLICY

The company has and will always continue its policy of providing the best possible gas service at the lowest possible cost consistent with the highest standards of safety and dependability.



Combined Statistical Data

Relating to

Alberta's Major Associated Natural Gas Utility Companies

NORTHWESTERN UTILITIES, LIMITED

CANADIAN WESTERN NATURAL GAS COMPANY LIMITED

	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>1960</u>	<u>1954</u>
Customers at Year End	220,858	212,726	205,350	195,385	185,885	118,798
Natural Gas Sales (thousands of cubic feet) (1) (4)	118,558,200	111,492,371	105,981,210	98,264,333	95,701,560	64,233,632
Revenue from Sale of Gas	\$ 41,223,945	\$ 38,242,828	\$ 36,900,355	\$ 33,991,895	\$ 32,630,158	\$ 16,743,710
Net Income	\$ 5,865,436	\$ 5,334,049	\$ 5,445,339	\$ 5,233,345	\$ 5,042,631	\$ 2,801,934
Annual Gross Additions to Plant (2)	\$ 5,458,540	\$ 8,610,939	\$ 7,868,425	\$ 4,732,698	\$ 6,695,200	\$ 5,919,611
Miles of Pipeline	4,863	4,765	4,554	4,413	4,288	2,613
Maximum Daily Demand	755,007	632,800	565,817	564,861	481,170	358,515
(thousands of cubic feet)						
Communities Served ... (3)	164	161	161	152	149	52
Population Served	879,000	844,000	808,000	768,000	739,000	475,000

(1) Due to the institution of therm billing in Northwestern Utilities, Limited, in 1959, natural gas sales for that company have been adjusted to a 1000 BTU equivalent basis for the years 1960 through 1964.

(2) Ten year total gross additions to Plant \$85,426,518.

(3) Figures prior to 1964 have been adjusted by deleting suburban communities now annexed to other communities. Statistics are now comparable in all years.

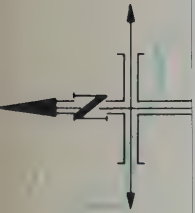
(4) 1964 total includes, and 1963 total revised to include, gas sales to other producing companies.

SYSTEM MAP

Northwestern Utilities, Limited

and

Canadian Western Natural Gas Company Limited



Athabasca Oil Sands

McMurray

SYSTEM MAP

FO/D JT

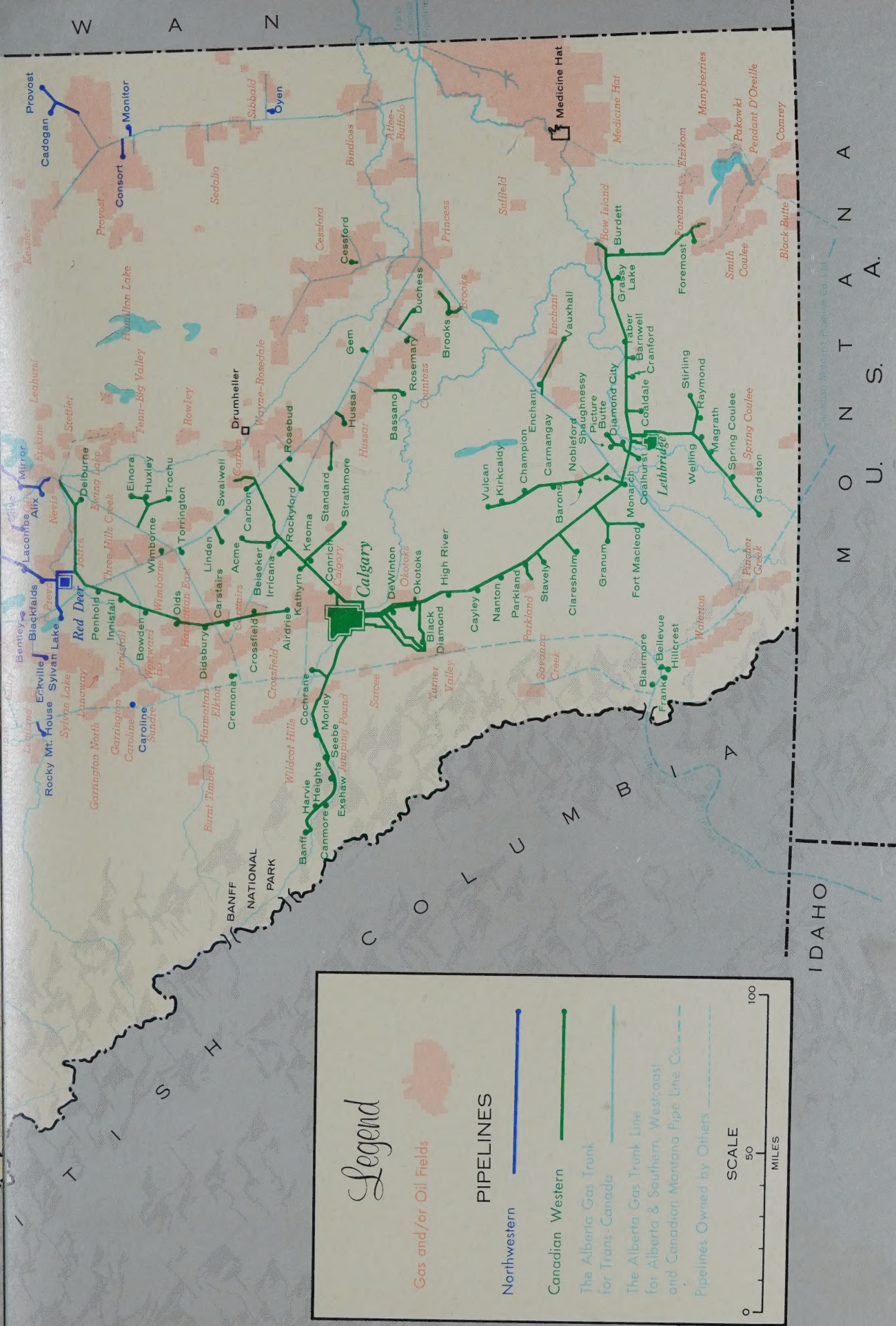
SYSTEM MAP

Northwestern Utilities, Limited
and
Canadian Western Natural Gas Company Limited

as of December 31st, 1964

Red Earth





\$6,200,000, **MAR 3 1964**
INTERNATIONAL UTILITIES
CORP.
(and subsidiaries)
Year ended Dec. 31

	1963	1962
Net income	\$9,129,267	\$8,562,969
Per share	1.26	1.16



NORTHWESTERN UTILITIES
LIMITED

ANNUAL REPORT
1964